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C O N F I D E N T I A L SECTION 01 OF 02 TBILISI 000656

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STATE FOR EUR/CARC AND EEB/ISP/IEC

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SUBJECT: GEORGIAN PRIME MINISTER NOGHAIDELI REPORTS ON HIS
TRIP TO TURKMENISTAN

REF: TBILISI 632

Classified By: Ambassador John F. Tefft, reason 1.4(b) and (d).

¶1. (C) Summary: Returning from a March 23 visit to Ashgabat, Georgian Prime Minister Noghaideili told the Ambassador on March 26 that he found Turkmenistan's President Berdimuhammedov interested in learning more about the West and exploring sending more oil through the South Caucasus, in lieu of current shipments through Iran. Noghaideili said that the GOT is not ready to open up on-shore reserves to development by Western companies, but may allow them to work off-shore in the Caspian. He advised Western companies to move quickly. He sees the current period as a window of opportunity for the West before internal forces cause Berdimuhammedov to become more dictatorial.

¶2. (C) Noghaideili was disappointed by the cancellation of a planned meeting with the Abkhaz de facto prime minister to discuss issues related to the Enguri hydroelectric power station. He said that the cancellation is further evidence the Abkhaz can take no action without Russian approval. He is concerned by upcoming Abkhaz military maneuvers near Kodori and by the recent murder of two policemen in South Ossetia. He asked for a strong condemnation of the latter incident by the United States and Europe.

¶3. (C) Noghaideili said that Georgia filed a human rights case in the European Court of Human Rights at this time because the Government of Russia was unresponsive to Georgian offers to discuss the treatment of Georgians in Russia and because court procedures presented a deadline for taking action. End Summary.

TURKMENISTAN VISIT SHOWS PROMISE OF NEW RELATIONSHIPS

¶4. (C) Noghaideili said that President Berdimuhammedov wants more "western legitimacy" than his predecessor did. He reiterated that Berdimuhammedov wants to travel to Europe and the United States, and that it will be good if he is invited soon, because later it may be hard to convince him to make such trips.

¶5. (C) The Georgians talked to the Turkmen about using the South Caucasus corridor for transport of oil to world markets. Noghaideili said that 65% of Turkmenistan's oil now goes to Iran, and Georgia hopes it can capture half of that trade. The reason for Iran's predominance over the South Caucasus route is not Iran's strength, he said, but problems created by Azerbaijan. Therefore, Georgia is organizing trilateral Georgia-Azerbaijan-Turkmenistan discussions. More cooperation from Baku is needed, and the person who will have to be convinced is President Aliyev, he said.

¶6. (C) Noghaideli said that Turkmenistan's practice is to sell its oil in Turkmenistan, and leave transportation up to the buyer. He would like to convince the Turkmen to be more active in the South Caucasus corridor and to sell their oil on the world market. He believes Berdimuhammedov likes the Georgians' approach. Noghaideli's goal is to get them to try the South Caucasus route, after which he believes more and more crude will travel that way.

¶7. (C) On gas, Noghaideli said that Berdimuhammedov does not appear ready now to open up Turkmenistan's on-shore reserves to Western companies for development. However, the government has never allowed Russian companies to work off-shore in the Caspian and would likely be willing to allow western companies to develop its reserves in the Sea. The companies should look into this possibility as soon as possible, Noghaideli said. The Turkmen part of the Caspian is not well explored but it likely holds large reserves of natural gas, in his opinion. He suggests that western companies first focus on off-shore development, then construction of a pipeline to Azerbaijan, and finally seek opportunities on-shore. He is even considering encouraging the Georgian Oil and Gas Corporation (GOGC) to apply for licenses to explore in Turkmenistan, but views Western companies' participation as most important.

¶8. (C) Noghaideli said that Turkmenistan's exclusive contract with Gazprom fixes prices and amounts only through 2009. He understands the agreement is more like a memorandum of understanding than a fixed contract as it applies to later years. He wants to engage Turkmenistan on supplying Georgia with gas, hopefully at a price in the range of \$100 per thousand cubic meters. In return, Georgia can offer attractive conditions for Turkmenistan goods and oil to

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transit the South Caucasus. Noghaideli invited Berdimuhammedov to come to Tbilisi in May and will continue discussions then.

¶9. (C) The Georgian delegation did not find Berdimuhammedov interested in discussing ideas for economic and political reform. Noghaideli expects that he will inevitably develop into a dictator of the usual Central Asian ilk, but now, Noghaideli says, he is a better sort. Therefore, he believes now is the time to engage Berdimuhammedov before domestic issues force him to take a harder tack. Although Noghaideli is not optimistic about democratic change in Turkmenistan, he said he is not entirely pessimistic either. He said positive change will require a lot of patience on the part of the USG and other Western governments, since Central Asian governments can frequently change direction.

ABKHAZIA AND SOUTH OSSETIA DISAPPOINTMENTS

¶10. (C) Noghaideli was disappointed that a planned meeting with Abkhaz de facto prime minister Ankvab (reftel) was "canceled by the Russians" -- probably at the urging of de facto vice president Khajimba. The lesson he draws is that the Abkhaz can't act without Russian approval, even to organize a technical meeting with the Georgians on Enguri. He believes the Abkhaz and Russians were spooked by the prospect of Georgian media coverage and also by the GOG's intention to bring State Minister for Conflicts Resolution Merab Antadze to the meeting.

¶11. (C) Noghaideli was concerned by Abkhaz military exercises in the vicinity of the Georgian-controlled Kodori Gorge, which had never taken place in Spring before. The Russians, he said, are bewildered by the events in Kodori and the appearance of an alternative government in South Ossetia led by Dmitriy Sanakoyev, and they don't know what to do now. He said that the Georgians and their Western friends need to be very careful about Abkhazia right now. While he believes it is unlikely the Abkhaz will attack the Upper Kodori area,

it is a possibility. The Abkhaz and Russians will have to understand that Georgia will respond to an attack, he said. He deems the recent murder of two Georgian policemen in South Ossetia an unacceptable, terrorist act. He asked for a strong reaction from the US and the EU.

EUROPEAN COURT OF HUMAN RIGHTS CASE

¶12. (C) Noghaideli said that Georgia had consulted several times with the Russian government on treatment of deportees from Russia and gotten nowhere before it filed its ECHR case.

After Russia's Ambassador to Georgia, Vyacheslav Kovalenko, returned to Tbilisi on January 23, the GOG sent messages through him that it was ready to talk, but the only message it received back was to "come on your knees". The treatment of Georgian citizens is a basic issue on which the GOG cannot compromise, he said. The case was filed because the GOG was facing a deadline set by court procedures. Tensions and pressure against Georgians are continuing in Russia, he said.

He thinks that he himself would be unable to live in that kind of environment.

TEFFT